



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

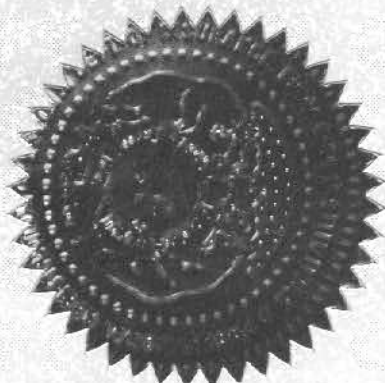
RE: Examination Report of Good Health HMO, Inc. DBA Blue Care, Inc. as of December 31, 2007

ORDER

After full consideration and review of the report of the financial examination of Good Health HMO, Inc. DBA Blue Care, Inc. for the period ended December 31, 2007, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Linda Bohrer, Acting Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, the findings and conclusions of the examination report are incorporated by reference and deemed to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo.

Based on such findings and conclusions, I hereby ORDER Good Health HMO, Inc. DBA Blue Care, Inc., to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with, each item mentioned in the General Comments and/or Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this December 30, 2008.



Linda Bohrer

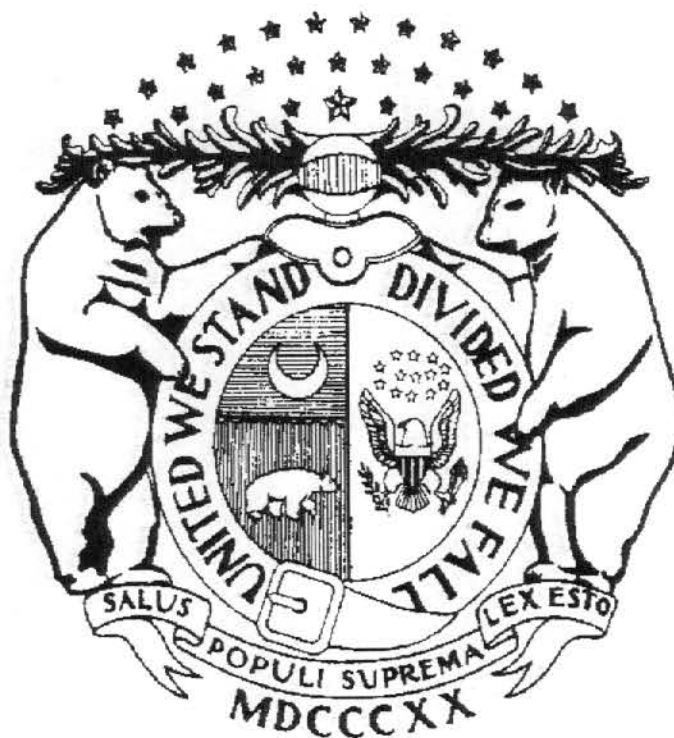
Linda Bohrer, Acting Director
Department of Insurance Financial Institutions
and Professional Registration

REPORT OF THE
ASSOCIATION FINANCIAL EXAMINATION OF
GOOD HEALTH HMO, INC.

d/b/a BLUE CARE, INC.

AS OF
DECEMBER 31, 2007

FILED
JAN 09 2009
DIRECTOR OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION



STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION
JEFFERSON CITY, MISSOURI

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Kansas City, Missouri
November 10, 2008

Honorable Alfred W. Gross, Commissioner
Virginia Bureau of Insurance
Chairman, (E) Financial Condition Committee, NAIC

Honorable Merle Scheiber, Commissioner
South Dakota Division of Insurance
Midwestern Zone Secretary

Honorable Linda Bohrer, Acting Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65102

Ladies and Gentlemen:

In accordance with your financial examination warrant, a full scope association financial examination has been made of the records, affairs and financial condition of

Good Health HMO, Inc. d/b/a Blue Care, Inc.

hereinafter referred to as such, as Good Health, or as the Company. Its administrative office is located at 2301 Main Street, Kansas City, Missouri 64108, telephone number 816-395-2222. This examination began on April 28, 2008 and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The prior full scope association financial examination of Good Health was made as of December 31, 2004, and was conducted by examiners from the States of Missouri and Kansas representing the Midwestern Zone of the National Association of Insurance Commissioners (NAIC) with no other zones participating.

The current full scope association financial examination covered the period from January 1, 2005 through December 31, 2007 and was conducted by examiners from the States of Missouri and Kansas, representing the Midwestern Zone of the NAIC.

This examination was conducted concurrently with the examinations of the Company's parent, Blue Cross and Blue Shield of Kansas City (BCBS of Kansas City), and its affiliates, Missouri Valley Life and Health Insurance Company (Missouri Valley) and Blue Advantage Plus of Kansas City, Inc. (BA+).

This examination also included the material transactions and/or events occurring subsequent to the examination date, which are noted in this report.

Procedures

This examination was conducted using the guidelines set forth in the Financial Condition Examiners Handbook of the NAIC, except where practices, procedures and applicable regulations of the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) and statutes of the State of Missouri prevailed.

The examiners relied upon tests of controls, narrative descriptions, fraud risk assessments and other information supplied by the Company's independent auditor, Ernst & Young, LLP, of Kansas City, Missouri, for its audit covering the period from January 1, 2007 through December 31, 2007.

Comments - Previous Examination

The comments, recommendations, and notes of the previous financial examination report dated as of December 31, 2004 are listed below with the subsequent response or action taken by the Company in regard to such comments, recommendations, and notes:

Ceded Reinsurance Agreement

Comment: The Company failed to file a ceded reinsurance agreement between itself and BCS Insurance Company with the DIFP within 10 days of execution pursuant to Missouri Regulation, 20 CSR 400-7.140 (2), Health Maintenance Organizations - Reinsurance Agreements. The Company was directed to comply with this regulation.

Company's Response: When agreements are reached with the reinsurer, the Company executes the documents first and then forwards them to the reinsurer to sign per the reinsurer's instruction. The Company sent copies of the fully executed agreement to the DIFP the day after it was received from the reinsurer.

Current Findings: Reinsurance agreements were timely filed during the period under examination.

Cash and Short-term Investment

Comment: The Company improperly reported payables to BCBS of Kansas City originating from related party transactions as a contra asset account, contrary to proper reporting in accordance with the NAIC's Annual Statement instructions. The Company also improperly reported as cash in the schedules of the Annual Statement, an amount that was due and payable to BCBS of Kansas City pursuant to an intercompany agreement. The Company was directed to report the effect of its agreement with related parties in the appropriate lines of the Annual Statement.

Company's Response: In the future, the Company will properly report amounts due and payable to BCBS of Kansas City as Amounts Due to Parent, Subsidiaries and Affiliates and not report these amounts as Cash.

Current Findings: The Company properly reported amounts due and payable under its intercompany agreements for the period under exam.

Unpaid Claims and Unpaid Claims Adjustment Expenses

Comments: The amounts reported by the Company for these actuarially determined liabilities were determined to be deficient based on the work of the DIFP consulting actuary. The Company was directed to review its unpaid claims reserving methodology to ensure year-end reserves were adequate when reviewed for subsequent development.

Company Response: The Company disagrees with the conclusion of the DIFP consulting actuary. The paid claims data file the DIFP consulting actuary utilized included an unusually high and late payment in June 2005 for a 2004 claim. The Company believes that the consulting actuary should have handled this claim differently in his IBNR calculation.

Current Findings: The DIFP consulting actuary did not note any reserve deficiencies in his review of reserves established as of December 31, 2007.

Federal Income Tax Payable

Comment: In line with the NAIC's Annual Statement instructions, unpaid federal income taxes resulting from a consolidated tax arrangement should be reported as part of "federal income taxes payable" and not as a payable to a related party, as was reported by the Company. The Company was directed to properly report this transaction in the future.

Company Response: The Company agrees with this finding and will correct the reporting.

Current Findings: Federal income taxes payable were properly classified for the period under examination.

HISTORY

General

Good Health HMO, Inc. d/b/a Blue Care, Inc. was incorporated on October 12, 1988, under the provisions of RSMo Chapter 354 (Health Service Corporations – Health Maintenance Organizations – Prepaid Dental Plans) as it pertains to health maintenance organizations. The Company was certified as a Health Maintenance Organization (HMO) on September 28, 1988, and commenced business on January 1, 1989.

Capital Stock

The Articles of Incorporation authorize the Company to issue 30,000 shares of \$100 par value common stock. There were 10,000 shares issued and outstanding for a balance of \$1 million in the Company's common capital stock account, as of December 31, 2007. All the issued and outstanding shares are owned by BCBS of Kansas City, the sole shareholder.

Dividends

No dividends were declared or paid during the examination period.

Management

The management of the Company is vested in a Board of Directors elected by the sole shareholder, BCBS of Kansas City. The Company's Articles of Incorporation specify that the Board of Directors shall consist of a minimum of three (3) directors. The Board of Directors elected and serving, as of December 31, 2007, all of which were employees of BCBS of Kansas City, were as follows:

<u>Name and Address</u>	<u>BCBS of Kansas City Affiliation</u>
Roger L. Foreman Cameron, Missouri	Executive Vice President and Chief Marketing Officer
David R. Gentile Leawood, Kansas	Executive Vice President and Chief Member Services & Subsidiary Officer
Marilyn T. Tromans Kansas City, Missouri	Vice President and Chief Financial Officer

Committees

The Bylaws allow for the Board of Directors to form any committees it deems necessary. However, no committees were created or in operation during the examination period.

Officers

The Board of Directors annually elects various Company officers, as required by the Bylaws. The senior officers elected and serving as of December 31, 2007 were as follows:

David R. Gentile	President, Chairman of the Board and Chief Executive Officer
Marilyn T. Tromans	Treasurer
C. Brent Bertram	Secretary
Bryan F. Miller	Actuary

Conflict of Interest

The Company has procedures for the disclosure of any conflicts of interest that may exist. All officers and directors are required to complete a conflict of interest statement annually. Signed statements of officers and directors were reviewed for the examination period. No significant exceptions were disclosed.

Corporate Records

The Company's Articles of Incorporation and Bylaws were reviewed for the period under examination. Neither the Articles of Incorporation nor the Bylaws were amended during this period.

The minutes of the Board of Directors meetings and the shareholder meetings were reviewed for proper approval of corporate transactions. The minutes, in general, appear to properly reflect and approve the Company's major transactions and events for the period under examination.

Acquisitions, Mergers and Major Corporate Events

There were no acquisitions, mergers or major corporate events noted for the period under examination.

Surplus Debentures

No surplus debentures were issued or outstanding during the period under examination.

AFFILIATED COMPANIES

Holding Company, Subsidiaries and Affiliates

The Company is a member of an Insurance Holding Company System as defined by Section 382.010, RSMo (Definitions). An Insurance Holding Company System Registration Statement was filed by Good Health's parent, BCBS of Kansas City, on behalf of itself, Good Health, and its other subsidiaries for each year of the examination period.

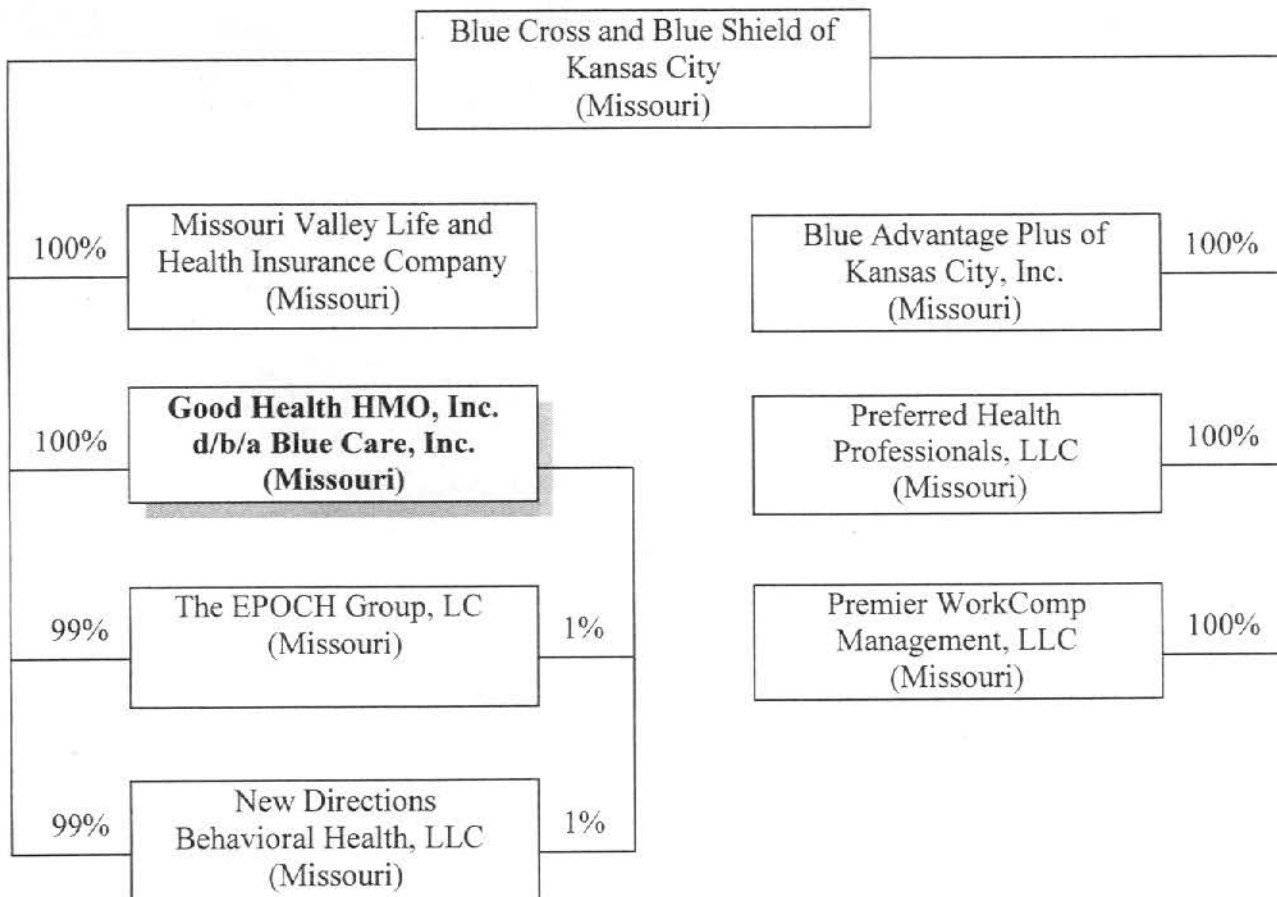
Good Health is owned 100% by BCBS of Kansas City, which is a not-for-profit, health care insurer domiciled in the State of Missouri. BCBS of Kansas City has no stockholders or other ownership. Good Health is ultimately controlled by the Board of Directors of BCBS of Kansas City.

In addition to Good Health, BCBS of Kansas City has several other subsidiaries that all have businesses involved in or related to the health care industry. These subsidiaries are described as follows:

- Blue Advantage Plus of Kansas City (BA+) and Missouri Valley Life and Health Insurance Company (Missouri Valley) are Missouri domiciled insurers.
- The EPOCH Group, LC (EPOCH) provides administrative services for third-party employers that have self-funded health insurance programs.
- Preferred Health Professionals, LLC (PHP) provides network rental and managed care services to groups, third-party claims administrators and insurance companies.
- Premier WorkComp Management, LLC (Premier WorkComp) provides clients with access to a provider network exclusively for the treatment of work-related injuries and illnesses.
- New Directions Behavioral Health, LLC (New Directions) manages behavioral health benefits and provides employee assistance programs for its customers.

Organizational Chart

The following organizational chart depicts Good Health's ownership and holding company system, as of December 31, 2007:



Intercompany Transactions

The Company's intercompany agreements in effect, as of December 31, 2007, are outlined below:

- 1. Type:** Agreement for the Sharing of Federal Income Taxes and Filing of a Consolidated Tax Return

Affiliates: BCBS of Kansas City, BA+ and Missouri Valley

Effective: November 1, 2005

Terms: BCBS of Kansas City will file a consolidated federal tax return for itself and its subsidiaries. The tax liability for each subsidiary shall be based upon each subsidiary's taxable income or loss as reflected in the consolidated financial statements. Each subsidiary will pay its federal income taxes to BCBS of Kansas City. BCBS of Kansas City will collect and remit any tax refunds to the subsidiaries.

- 2. Type:** Administrative Services Agreement

Affiliate: BCBS of Kansas City

Effective: August 1, 2006

Terms: BCBS of Kansas City agrees to provide the following administrative services: accounting, budgeting, personnel, payroll, office space, utilities, maintenance, claims processing, purchasing, legal, actuarial, underwriting, cash management, investment, marketing, data processing, and other services. Good Health will pay BCBS of Kansas City the actual expenses incurred for the services provided.

- 3. Type:** Ancillary Provider Network Agreement

Affiliates: New Directions, BCBS of Kansas City, BA+ and Missouri Valley

Effective: January 1, 2006; amended October 1, 2007

Terms: New Directions agrees to manage and/or arrange for the provision of behavioral health and substance abuse services for the members of BCBS of Kansas City and its subsidiaries including Good Health. New Directions will provide for the credentialing reviews of providers. BCBS of Kansas City and its subsidiaries will pay New Directions a capitation payment each month that is determined by the per member per month rates specified in the agreement. The rates vary between products sold by BCBS of Kansas City and its subsidiaries.

- 4. Type:** Agreement for the Management of Intercompany Payables and Receivables
Affiliates: BCBS of Kansas City, BA+, Missouri Valley
Effective: August 1, 2006
Terms: BCBS of Kansas City shall pay the payables and collect the receivables for its subsidiaries. Separate accounting records will be maintained for the transactions for each subsidiary. Transfers of funds to or from the subsidiaries will be made to minimize uninvested cash balances and to minimize the receivable or payable balance with each subsidiary. BCBS of Kansas City shall pool and retain the consolidated funds resulting from the transactions. BCBS of Kansas City will invest the pooled funds. BCBS of Kansas City shall pay interest or receive interest each month from the subsidiaries based upon the intercompany balance of each subsidiary. The interest rate shall be the applicable federal rate determined by the most recently published Internal Revenue Service in a Revenue Ruling.
- 5. Type:** Guarantor Agreement
Affiliate: BCBS of Kansas City
Effective: January 1, 1993
Terms: In the event of insolvency of Good Health, BCBS of Kansas City agrees to provide Good Health whatever guarantee or coverage necessary to meet all applicable requirements of its business as a state qualified HMO. This coverage will provide for the continuation of covered benefits to Good Health's members and pay provider expenses as defined in the agreement.
- 6. Type:** Health Management Agreement
Affiliate: New Directions Behavioral Health, BCBS of Kansas City
Effective: April 1, 2007
Terms: New Directions agrees to provide health coaching services to BCBS of Kansas City and Good Health members, as detailed in the agreement.

The Company also has the following intercompany transactions:

Good Health has a group term life insurance policy issued by its affiliate, Missouri Valley. This policy provides a \$5,000 death benefit for members enrolled in the Company's Blue Care individual health products. The life insurance premium is \$1.50 per month for each insured life. Good Health pays premiums to Missouri Valley for the Company's eligible members.

The Company received capital contributions from BCBS of Kansas City in 2005 and 2006 including the contribution of stock in affiliates. The contribution amounts are detailed below in the Intercompany Payments section of this report.

Intercompany Payments

The following table summarizes the net amounts paid or (received) during the examination period, between Good Health and its affiliates:

	2007	2006	2005
Agreement for Sharing of Federal Income Taxes (Received) from paid to BCBS of Kansas City	3,427,900	61,857	404,200
Administrative Services Agreement Paid to BCBS of Kansas City	32,591,375	24,860,913	24,228,123
Ancillary Provider Network Agreement Paid to BCBS of Kansas City for Services Provided by New Directions	5,523,155	4,376,077	3,902,904
Management of Intercompany Payables/Receivables Paid to BCBS of Kansas City	81,625	50,440	92,187
Health Management Agreement Paid to New Directions	3,297	-	-
Term Life Insurance Policy Paid to Missouri Valley	7,901	5,652	362
Capital Contributions Received from BCBS of Kansas City	-	(3,000,000)	(35,931)
Net amount paid or (received)	41,635,253	26,354,939	28,591,845

FIDELITY BOND AND OTHER INSURANCE

The Company is a named insured along with its parent, BCBS of Kansas City, and other affiliates on a financial institution bond. The bond provides fidelity coverage with a liability limit of \$10 million and a deductible of \$150,000. This coverage complies with the suggested minimum amount of fidelity insurance, according to NAIC guidelines.

The Company is also a named insured on the following insurance policies: commercial general liability, umbrella excess liability, commercial auto, commerce liability/business loss, computer crime, errors and omissions, directors and officers liability, fiduciary liability and employment practices.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

Good Health does not have any direct employees. All of the operational and administrative functions of Good Health are performed by the employees of the ultimate parent, BCBS of Kansas City. The Company is allocated a percentage of the benefit costs for BCBS of Kansas City employees, pursuant to the Administrative Service Agreement described in the Intercompany Transactions section of this report.

A variety of standard benefits are provided to BCBS of Kansas City employees. These benefits include, but are not limited to, health insurance, dental insurance, disability insurance, life insurance, tuition reimbursement, and a 401(k) savings plan with matching contributions.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Missouri Department of Insurance, Financial Institutions and Professional Registration as of December 31, 2007, as reflected below, were sufficient to meet the capital deposit requirements for the State of Missouri in accordance with Section 354.410 RSMo (Trust Deposits and Capital Requirements). The funds on deposit, as of December 31, 2007 were as follows:

<u>Type of Security</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Statement Value</u>
U.S. Treasury Notes	\$300,000	\$308,915	\$308,495

Deposits with Other States

The Company does not have funds on deposit with any other states.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operation

Good Health is licensed as a Health Maintenance Organization (HMO) by the DIFP under Chapter 354 RSMo (Health Service Corporations – Health Maintenance Organizations – Prepaid Dental Plans). The Company is also a licensed insurer in the State of Kansas. The Company's service territory is concentrated in the Kansas City, Missouri metropolitan area and Northwest Missouri, which includes nine counties in Missouri and two counties in Kansas.

The Company's HMO product is sold on an individual and group basis and is marketed under the "Blue Care" name. As of December 31, 2007, total membership was approximately 93,500. The Company also has "Cost Plus" business, which provides administrative services for self-insured groups. Some of these groups are partially insured by the Company through stop-loss coverages.

Third-party agents and brokers are utilized to obtain group business. The parent, BCBS of Kansas City, also has a staff of sales employees that sell Good Health's individual and group business. BCBS of Kansas City has its own marketing employees to promote the Blue Care product. Marketing methods include the use of television, radio, newspaper, and magazine advertisements, billboards, direct mail, and telemarketing.

Policy Forms & Underwriting
Advertising & Sales Materials
Treatment of Policyholders

The DIFP has a market conduct staff that performs a review of the areas listed above, as well as reviews of providers/qualifications, contracts, and marketing initiatives which are documented in a separate market conduct report. The last market conduct exam report issued by the DIFP for Good Health covered the period April 1, 2002 through September 30, 2002 and was issued January 8, 2004. The report resulting from this examination was reviewed and no problems were found that would have a material impact on the Company's financial statements.

REINSURANCE

General

The Company's premium activity on a direct written, assumed and ceded basis, for the period under examination, is detailed below:

Premiums	2007	2006	2005
Direct premiums written	\$ 369,614,401	\$ 270,095,467	\$ 224,658,458
Reinsurance assumed	-	-	-
Reinsurance ceded	(111,292)	(99,634)	(89,052)
Net premiums written	<u>\$ 369,725,693</u>	<u>\$ 270,195,101</u>	<u>\$ 224,747,510</u>

Assumed

The Company does not assume any business.

Ceded

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance agreement.

Good Health together with BCBS of Kansas City and BA+ are reinsured by an insolvency reinsurance agreement effective January 1, 2007 through December 31, 2007 with BCS Insurance Company. The agreement covers losses incurred in the event BCBS of Kansas City were to become insolvent. The reinsurer's maximum liability is \$5 million per the reinsurance period. The agreement was renewed for the period January 1, 2008 through December 31, 2008 under the same terms.

Good Health together with Blue Cross of Kansas City and BA+ are reinsured by an excess of loss agreement, effective January 1, 2008 and terminating on December 31, 2008, with BCS Insurance Company. Services reinsured are those provided to Commercial HMO, Commercial Point-of Services and Medicaid members. The Company's retention is \$600,000 per covered individual per contract period. The reinsurer will reimburse for claims in excess of the retention up to maximum of \$2 million per covered individual per period and \$5 million per lifetime.

ACCOUNTS AND RECORDS

Independent Auditor

The CPA firm of Deloitte & Touche, LLP, of Kansas City, Missouri, issued audited statutory financial statements of the Company for the years 2005 and 2006. The CPA firm of Ernst & Young, LLP, of Kansas City, Missouri, issued audited statutory financial statements of the Company for 2007.

Independent Actuary

The 2005 and 2006 actuarial items reported by the Company were certified by David O. Thoen, FSA, MAAA, of Deloitte Consulting, LLP, of Minneapolis, Minnesota. The 2007 actuarial items reported by the Company were certified by Darrell D. Knapp, FSA, MAAA of Ernst & Young, LLP, of Kansas City, Missouri.

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of Good Health for the period ending December 31, 2007. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Notes to the Financial Statements." The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the "Notes to the Financial Statements." These differences were determined to be immaterial concerning their effect on the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual Annual Statement item.

Assets

	Ledger and Non-Ledger Assets	Assets Not Admitted	Net Admitted Assets
Bonds	\$ 64,851,063	\$ -	\$ 64,851,063
Cash, cash equivalents and short-term investments	6,636,662	-	6,636,662
Other invested assets	62,704	62,704	-
Investment income due and accrued	545,167	-	545,167
Uncollected premiums and agents' balances	5,162,341	-	5,162,341
Amounts receivable relating to uninsured plans	6,816,624	45,000	6,771,624
Net deferred tax asset	995,189	995,189	-
Receivable from parent, subsidiaries and affiliates	3,651,013	-	3,651,013
Health care and other amounts receivable	1,343,337	361,337	982,000
Total Assets	\$ 90,064,100	\$ 1,464,230	\$ 88,599,870

Liabilities, Capital and Surplus

Claims unpaid	\$ 28,107,243
Accrued medical incentive pool and bonus amounts	959,782
Unpaid claims adjustment expenses	894,860
Aggregate health policy reserves	372,383
Premiums received in advance	6,450,643
General expenses due or accrued	2,806,021
Current federal and foreign income tax payable	1,673,600
Liability for amounts held under uninsured plans	1,110
Aggregate write-ins for other liabilities:	
Uncashed checks pending escheatment to state	<u>57,372</u>
Total liabilities	41,323,014
Statutory reserve	1,000,000
Gross paid-in and contributed surplus	3,035,931
Unassigned funds (surplus)	<u>43,240,925</u>
Total Capital and Surplus	<u>47,276,856</u>
Total Liabilities and Capital and Surplus	<u>\$ 88,599,870</u>

Statement of Revenue and Expenses

Net premium income	\$369,503,109
Total revenues	369,503,109
Hospital and Medical:	
Hospital/medical benefits	248,490,076
Emergency room and out-of-area	15,169,151
Prescription drugs	58,958,879
Incentive pool, withhold adjustments and bonus amounts	1,125,065
Total hospital and medical	323,743,171
Claims adjustment expense	8,431,261
General administrative expenses	30,256,720
Total underwriting deductions	362,431,152
Net underwriting gain or (loss)	7,071,957
Net investment income earned	3,010,385
Net realized capital gains	(5,532)
Net investment gains (losses)	3,004,853
Intercompany interest	(81,625)
Other interest	(93,733)
Rounding	(3)
Aggregate write-ins for other income or expenses	(175,361)
Net income or (loss) before income taxes	9,901,449
Federal income taxes incurred	3,430,879
Net income or (loss)	\$ 6,470,570

Capital and Surplus Account

Capital and Surplus, December 31, 2006		\$ 40,835,350
Net income	\$ 6,470,570	
Change in unrealized capital gains	(10,152)	
Change in net deferred income tax	(24,354)	
Change in nonadmitted assets	<u>5,442</u>	
Net change in capital and surplus for the year		<u>6,441,506</u>
Capital and Surplus, December 31, 2007		<u><u>\$ 47,276,856</u></u>

Notes to the Financial Statements

None.

Examination Changes

None.

General Comments and/or Recommendations

None.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Good Health HMO, Inc. d/b/a Blue Care, Inc. during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Bernie Troop, CFE, Alvin Garon, CFE, Leslie Nehring, CPA, CFE, Karen Baldree, CFE, CPA, Steven Koonse, CFE and Angi Campbell, CFE, AES, examiners for the Missouri Department of Insurance, Financial Institutions and Professional Registration participated in this examination. In addition, Bertram Oparaji, CFE, representing the Kansas Department of Insurance also participated in the examination. The firm of Milliman, Inc., of St. Louis, Missouri participated as a consulting actuary.

VERIFICATION


State of Missouri)
)
County of)

I, Mark Nance, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of Good Health HMO, Inc. d/b/a Blue Care, Inc., its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.



Mark Nance, CPA, CFE
Examiner-In-Charge
Missouri Department of Insurance, Financial Institutions
and Professional Registration

Sworn to and subscribed before me this 6th day of November, 2008.

My commission expires: 04/14/2012 
Notary Public

BEVERLY M. WEBB
Notary Public - Notary Seal
STATE OF MISSOURI
County of Clay
My Commission Expires 4/14/2012
Commission # 08464070

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.

A handwritten signature in cursive script that reads "Vicki Z. Denton". The signature is written in dark ink and is positioned above the printed name.

Vicki Denton, CFE

Audit Manager

Missouri Department of Insurance, Financial Institutions
and Professional Registration